

Explanation of Governor Kaine's Proposed Budget Amendments

Item 0 Additional General Fund Revenue Available for Appropriation

This amendment increases the general fund revenues and the total projected revenues available for appropriation by \$29.2 million to account for the reversion of certain unspent operating appropriations on June 30, 2006 and the collection of additional Lottery proceeds in fiscal year 2006. The individual sources of this additional revenue are shown below:

<u>Unspent Balances 6/30/06</u>	<u>Amount</u>
Additional FY2006 Lottery Proceeds	\$16,500,000
Treasury Board – Debt Service	8,389,000
Public Education (enrollment)	3,258,913
Dept. of Medical Assistance Services	<u>1,050,000</u>
Total	\$29,197,913

Item 30 Reimbursements for use of personal vehicles

This amendment provides additional funds to cover increased mileage costs of court personnel. The General Assembly authorized an increase in the rate used to reimburse state personnel for the use of their personal vehicles in the course of performing their official duties. The court system is comprised of numerous courts and a large number of personnel. In addition, many circuits consist of several courts located within a large geographical area, requiring judges and staff to incur significant mileage while traveling between courts. The additional funds recommended will minimize the fiscal impact on other court programs.

Item 30 Indigent defense caps

Given the concern about adequate compensation levels for court-appointed attorneys providing criminal indigent defense, this language amendment makes note that the Administration will continue to dialogue and share information with the Supreme Court, Indigent Defense Commission, Attorney General and Chairmen of the House and Senate Courts of Justice Committees in analyzing the appropriate funding levels for these individuals.

Item 54.20 Supplement funding for the Office of Commonwealth Preparedness

The 2006 General Assembly passed legislation proposed by the Attorney General that codified the Office of Commonwealth Preparedness and mandated particular responsibilities. The funding and staffing levels proposed in the enrolled budget will not allow the Office to carry out these additional responsibilities. Accordingly, this amendment adds six positions at a cost of \$621,472 in fiscal year 2007 and \$590,343 in fiscal year 2008, to better ensure the safety and well-being of our citizens.

Item 87 Virginia Horse Center Foundation language amendment

This amendment extends the deadline from July 14, 2006 to August 15, 2006 for the Secretary of Agriculture and Forestry to submit a plan to the Governor for implementation of the requirements of any loan received by the Virginia Horse Center Foundation from the United States Department of Agriculture. The amendment also extends the deadline from July 21, 2006 to September 1, 2006 for the Governor to complete his review of the plan. Additionally, the amendment adds a requirement that the plan shall include a provision for protecting open spaces owned by the Foundations through a land conservation program. Finally, in the event that the plan is not approved by the Governor or is not implemented, the amendment adds a requirement that the reduced appropriation of \$1,300,000 shall be provided to the Virginia Equine Center Foundation and shall be used solely for debt service on bonds or notes existing as of July 1, 2006.

Item 104 Funding amendment for Alleghany Highlands regional economic development effort

This amendment provides funding for grants to assist a regional economic development effort involving the Counties of Alleghany, Bath, and Highland, the City of Covington, and the Towns of Clifton Forge and Iron Gate.

Item 119 Funding amendment for the Hampton Roads Partnership

This amendment provides funding to the Hampton Roads Partnership to support the Commonwealth's modeling and simulation industry through oversight and coordination of local efforts.

Item 135 Additional Lottery profits for Basic Aid and local school divisions

Lottery profits for FY 2006 will be greater than the estimate included in the Appropriation Act. This will result in a general fund balance of \$16.5 million at the end of FY 2006 dedicated to public education. A proportion of the balance will be transferred to Basic Aid in FY 2007 to offset the state share of public education and the remaining amount will be distributed to school divisions based on a per pupil basis. This amendment makes the necessary funding changes to effect this action.

Item 203 Funding for the Grace E. Harris Institute

Funding was provided in the 2005 Session to support the Grace E. Harris Leadership Institute at Virginia Commonwealth University's Center for Public Policy. The enrolled bill eliminates funding for this activity. This amendment restores funding to the Grace E. Harris Institute which will serve as a training ground for individuals that would like to pursue a leadership role in an institution of higher education or in state government.

Item 244 Language amendment related to the New College Institute

The enrolled bill specifically allocated funding among three institutions of higher education to deliver programs related to the New College Institute. This amendment removes the language governing the allocation to the various collaborative institutions as actual amounts needed may vary, as contracts are negotiated. In addition, the amendment clarifies that the specific programs listed are desired, even though they may not be practical or possible to implement in the near-term.

Item 250 Additional funding for I-81 research-related entity

The enrolled budget included \$3.0 million to support Virginia's efforts to establish research-related entities along the I-81 corridor. To help ensure the success of this venture, this amendment provides an additional \$2.0 million, raising the total funding available to \$5.0 million. The initial investment made in this initiative has the potential of yielding substantial dividends to the Commonwealth in many forms, including an enhanced reputation, increased state and local revenues, and potential future investment by other research-related entities and support industries.

Item 263 Language amendment related to school efficiency review costs

This amendment would provide changes for school division reimbursements to the state for school efficiency reviews. Currently, school divisions reimburse the state 25 percent of contracted consultant cost. The revised definition of cost will include the direct cost incurred by the state for that fiscal year to coordinate the school efficiency review in addition to the 25 percent of contracted consultant cost. The proposed definition excludes indirect costs such as purchasing, heating, etc. not directly related to a school efficiency review.

Item 263 Language amendment for school efficiency review repayments

This amendment conforms the budget bill to the Code of Virginia. Chapter 596, (HB 607) of the 2006 regular session of the General Assembly, changed the requirement of recommendations from being "implemented" to "initiated" before the reimbursement timeframes are triggered.

Item 334 Reappropriation authority for Fee Child Care

The amendment provides authority for FY 2006 general fund balances to be reappropriated and used by the Department of Social Services to fund additional fee child care services. Amounts are limited to \$6.0 million in total and require a 50 percent match by a locality. The reappropriated amounts will address the exhaustion of federal pass through dollars which was accelerated by federal actions announced March 2006.

Item 359 Funding amendment for Southside Rails to Trails

This amendment provides funding for acquisition of additional rail bed to be converted for trail use. The Department of Conservation and Recreation is working with the Roanoke River Rails to Trails to purchase the former Norfolk, Franklin, and Danville railroad corridor in Brunswick and Mecklenburg Counties. Approximately 58 miles have been acquired, and funding is needed for the remaining 116 miles. The \$200,000 will be used toward the next 25 mile increment, and it should purchase about 15 miles. The Rails to Trails project is a unique opportunity for land conservation, recreational use, and tourism.

Item 362 Funding amendment for the Chesapeake Bay Foundation

This amendment provides additional funding for the Chesapeake Bay Foundation to support Chesapeake Bay education field studies.

Item 362 Additional funding for fish mortality investigation

This amendment provides additional funding to investigate the potential factors resulting in fish lesions and mortality in the Shenandoah River. Funds will be used for water quality monitoring as well as evaluations of fish health.

Item 364 Funding amendment for Lynchburg's combined sewer overflow project

This amendment provides funding for the City of Lynchburg's combined sewer overflow project. The enrolled budget includes funding for the City of Richmond's combined sewer overflow project but nothing for the City of Lynchburg.

Item 384 Exempt Virginia Beach jail from construction moratorium

This language amendment provides an exemption for the City of Virginia Beach from the moratorium on new jail construction or expansion for the purpose of constructing a jail annex to be used by the City to house low-risk prisoners. The jail annex will increase the number of beds available for the City to house low-risk prisoners, freeing up crowded jail space to hold higher-risk prisoners.

Item 414 Additional positions for the motor vehicle safety inspection program

The 2006 General Assembly increased the maximum fee allowed for vehicle safety inspections, excluding motorcycles, by one dollar. This fee is collected by the vehicle safety inspection station. Of this dollar, \$0.50 is transferred to the Department of State Police to support the department's costs in administering the motor vehicle safety inspection program. This amendment provides appropriation authority and two additional positions for the department to administer this legislation. The cost for these two positions, which can be supported with the new revenues, is \$99,650 in fiscal year 2007 and \$90,850 in fiscal year 2008.

Item 481 Funding amendment for the Art Museum of Western Virginia

This amendment provides \$250,000 toward the expansion of the Art Museum of Western Virginia. The new 75,000 square foot facility, scheduled to open to the public in the fall of 2007, will house a significantly larger exhibition and education spaces, including an expanded Art Venture, as well as a flexible programming/theater space, a multi-purpose auditorium, a research library, a book and gift shop, a studio classroom, a “works on paper” study room, and a café with indoor and outdoor seating.

Item C-16 Funding amendment for Brumley Mountain Tract acquisition

This amendment provides \$2.4 million from the general fund and \$1.2 million in nongeneral fund appropriation in the introduced budget. The fund source for the nongeneral fund appropriation is a grant from the Virginia Land Conservation Foundation. The tract consists of approximately 4,800 acres of land in Washington County.

Item C-52 Authority for George Mason University to construct faculty and staff housing

As Northern Virginia’s housing costs continue to soar, it has become increasingly difficult for George Mason University to recruit and retain experienced, talented, and dedicated faculty and staff. This amendment provides substitute language authorizing the University to use the existing Public-Private Educational Facilities and Infrastructure Act of 2002 or enter into a comprehensive agreement with a private entity to develop a community designed to offer affordable market-quality housing for faculty and staff. The community would consist of a combination of 400 to 425 rental and for sale apartments, town homes, duplexes and single family homes to satisfy the demand of incoming faculty and staff. George Mason believes this initiative will help with the recruitment and retention of qualified staff.

Item C-91 Planning funds for the renovation of Lyman Beecher Brooks Library

This amendment provides \$1.4 million in funding to begin the architectural and engineering phase of this project. The library renovation is critical to the University’s reaccreditation in 2008, and the state needs to show that it is making an effort toward rectifying the poor condition of this facility. The project will renovate approximately 93,000 square feet of library space in order to provide upgraded reference, reading, student research, and computer spaces. These renovations will extend the useful life of the University's library and reduce student dependence on area university and city libraries.

Item C-198.50 New Academic Facilities, Virginia Western Community College and Manassas Campus, Northern Virginia Community College

This amendment provides funding for detailed architectural and engineering planning and design in support of the demolition and construction (replacement) of Anderson Hall at Virginia Western Community College and to plan the Phase III academic building on the Manassas Campus of Northern Virginia Community College. Anderson Hall was constructed in the late 1960's and is the largest instructional building on Western's college campus. It is home to the science, math, and health technology programs. The new Anderson Hall facility is proposed to house state-of-the-art laboratories for nursing, radiography, and dental hygiene, replacing the present antiquated facility and ensuring up-to-date instruction of the school's students. The Phase III academic building at the Manassas Campus will include computer labs, classrooms, and faculty offices and will be named in honor of the late Delegate Harry Parrish. This facility will provide space for the liberal arts programs, including visual and performing arts, helping to address the growing enrollment faced by this college.

Items C-232.20 and C-232.30 Authority for Virginia State University to enter into agreements supporting a new dining hall and dormitory complex

During the 2006 Session, Virginia State University sought budget language giving it authority to enter into agreements with its real estate foundation for the development and financing of both a new dining hall and a dormitory complex, to be known as the Campus Gateway Housing Complex. In addition, the University sought authority to contract with vendors to provide support to the two new capital projects. While these proposed language amendments were supported by the two houses during crossover, they were inadvertently omitted from the Conference Committee Report. This amendment corrects that oversight.

Item C-319.10 Additional resources to enhance the Jamestown 2007 commemoration

This action would provide additional funding to establish the Virginia Indian Heritage Program, as a complement to Virginia's Jamestown 2007 commemoration. As Virginia prepares to celebrate Virginia's 400th anniversary, such a program would prove an invaluable resource in helping to educate Virginians, as well as tourists who may travel to the Commonwealth for the commemoration, about the numerous contributions that Virginia's native Americans have made over the past 400 years.

§4-1.02 Language on withholding of spending authority

This amendment clarifies that the withholding of spending authority (unallotments) to capture savings that occur during the normal course of state government operations is not subject to the additional restrictions and reporting requirements that are specified in the General Provisions of the Appropriation Act which apply to

actions to withhold spending authority during times of a revenue shortfall. The amendment also eliminates unnecessary reporting requirements for a quarterly assessment of the current economic outlook and the requirements that agency budget reduction plans be released to the public prior to the Governor approving them. Since the budget reduction plans approved by the Governor are submitted to the General Assembly, there is no reason for the General Assembly to have access to those that are not recommended by the Governor. Such action would be confusing to the public and it would interfere with Executive Privilege and the Governor's ability to lead the Executive Department.

§4-1.06 Language in limited adjustments of appropriations

The enrolled bill includes language allowing the State Comptroller to authorize the disbursement of up to \$3.0 million against appropriations of a subsequent fiscal year, when an emergency arises or when July 1 falls on a weekend, provided that the Auditor of Public Accounts provides written concurrence. In practice, this action is very rarely necessary. Nevertheless, this language is not consistent with past practice, and it also raises an important constitutional issue regarding separation of powers. By requiring the Auditor of Public Accounts to concur in the action of the State Comptroller, the language in question allows a legislative official to unilaterally prevent an executive official from taking action which he is otherwise statutorily charged to do. To cure that constitutional defect, this amendment requires the State Comptroller to notify the Auditor of Public Accounts when any instance arises that requires such payments in lieu of getting written concurrence.

§4-3.02 Treasury Loans

This amendment makes a technical correction to delete the reference to capital projects in the section title since some of this section applies to anticipation loans for operating expenses. The restrictions on anticipation loans for projects not included in the budget are not found in another section (§4-3.02 c) and no amendments are proposed to that section.

§4-5.04 Language amendments to clarify mileage reimbursement rate

This amendment makes several technical adjustments to ensure that state employees are reimbursed at the most recent IRS allowable reimbursement rate for the use of a personal vehicle on state business. The enrolled bill did not change all of the references in this section from 32.5 cents to the IRS rate.

§4-6.01 Language amendment to strike restrictions on Governor appointments of Cabinet Secretaries and the Secretary of the Commonwealth

This amendment deletes language that attempts to prohibit a Governor from withdrawing a Cabinet nomination but then reappointing the same person after the adjournment of the session. This language is unnecessary because this situation has

never happened anytime in the past, and there are already sufficient explicit Constitutional provisions governing the appointment and confirmation process. Ultimately, the nominee is subject to confirmation by the General Assembly.

§4-6.01 Language amendment to increase the salary of the Executive Director of the Virginia Office for Protection and Advocacy

This is a technical amendment to bring the enrolled budget in line with HB 5012, the 2006 Amendments to the 2005 Appropriation Act. HB 5012 increased the salary of the Executive Director of the Virginia Office for Protection and Advocacy from \$104,454 to \$111,500, effective February 1, 2005, pursuant to action taken by the Board for the Virginia Office for Protection and Advocacy on January 25, 2005. The enrolled budget reverts the salary back to \$104,454. This amendment sets the July 1, 2006, salary at \$111,500, the same amount that was in HB 5012.

§4-6.03 Language amendment to clarify the Superintendent of Public Instruction benefits

This amendment provides the Governor authority to provide fringe benefits to appointees at competitive levels of other comparable positions in the public sector in order to attract highly qualified appointees.

§4-8.02 Language amendment to clarify when state agency budget reduction plans are released

This amendment eliminates a requirement for state agency budget reduction plans to be publicly released prior to them being approved by the Governor. Once they are approved by the Governor, such budget reduction plans are released as a matter of current policy. The release of unapproved plans could be confusing to the public if subsequent changes to the initial plans are made by the Governor.